

Exhibit 5

In the Matter Of:

In Re - Celsius Network LLC

OREN BLONSTEIN

November 22, 2022



1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3

4 In re)
)
5 CELSIUS NETWORK LLC,)
et al.,) Case No.
6) 22-10964 (MG)
Debtor.)
7)

8

9

10

** CONFIDENTIAL **

11

12

13 VIDEO RECORDED EXAMINATION OF

14 OREN BLONSTEIN

15

16 TAKEN ON

17

TUESDAY, NOVEMBER 22, 2022

18

19

20

21

22

CERTIFIED STENOGRAPHER:

23 JESSIE WAACK, RDR, CRR, CCRR, NYRCR, NYACR,
CCR-NJ (No. 30XI008238700) CSR-TX (No. 11958)
24 CCR-WA (No. 21007264), CSR-CA (No. 14420),
REALTIME SYSTEMS ADMINISTRATOR
25 JOB NO.: 872582

1 portfolio, what we called the kind of home
2 page or the main portfolio page.

3 Q. Okay. And what would happen if
4 they clicked "remind me later"?

5 A. They would have seen this screen
6 on the right.

7 Q. And so once they see this screen
8 on the right, what would happen if they
9 clicked "continue anyway"?

10 A. Like, what was outlined in the
11 declaration about, like, Phase 2 and 3,
12 there would have been a period of time
13 where they would have been able to continue
14 to access the app.

15 But, you know, then eventually
16 they would have been -- they would lose --
17 lose the ability to earn -- to participate
18 in the earn program.

19 Q. So I think you're talking
20 about -- and I'll have to refresh my
21 recollection on the dates -- but Phase 1
22 was beginning on July 22. The initial
23 outreach happened, and then they had --
24 users had until August 5, 2021, to accept
25 it, or they would lose access.

179

1 In between July 22 and August 5,
2 if they clicked "continue anyway," they
3 would be redirected to the main Celsius
4 app?

5 A. Correct.

6 Q. And when they were redirected to
7 the main Celsius app, could users then
8 withdraw their coins?

9 A. Yeah, there was some period of --
10 yeah, if you could just give me a minute to
11 review this again.

12 (Pause for reading/reviewing.)

13 A. Yeah, so this is kind of covered
14 in page 7, item -- or No. 19, that
15 paragraph where it says, "On August 5,
16 2021," which was the commencement of
17 Phase 2, "accounts who did not accept terms
18 of use Version 6 were suspended. And once
19 suspended, accountholders could view their
20 account dashboard" -- that's what I was
21 calling the portfolio screen or the main
22 kind of home screen -- "but could not
23 conduct any transaction including
24 withdrawals unilaterally."

25 So if they wanted to withdraw

180

1 funds, they would need to work with our
2 customer support team to do that.

3 Q. And that's for the period between
4 July 22 on, or was that after July 22?

5 A. That was starting on August 5.
6 So basically people were notified they had
7 a period of time to accept. Then they were
8 suspended starting August 5, if they had
9 not accepted.

10 And then on August 19, we
11 discontinued the payout of rewards to those
12 accounts.

13 Q. So between July 22 and August 5,
14 if you clicked "continue anyway," could you
15 access your app and withdraw your funds?

16 A. That's my understanding, yes.

17 Q. And then why did the company
18 suspend accounts after August 5?

19 A. Because of the -- I'm just trying
20 to think of this -- the reasons for making
21 the change in the Celsius entity that we
22 were -- that the customers -- sorry.

23 Let me say that more efficiently.

24 The whole purpose of -- or one of
25 the main purposes of the Version 6 terms of

181

1 use was changing the company that the
2 customers were engaging with from the UK
3 entity to the U.S. entity.

4 It was important that we
5 stopped -- if customers were not accepting
6 the new terms of use, it was important that
7 we stop providing services to them from
8 the -- you know, as a UK company.

9 Q. And why did you stop users -- or
10 suspend users' accounts? Why did Celsius
11 suspend users' accounts before they stopped
12 them from earning rewards?

13 MS. BRIER: Object to form.

14 THE WITNESS: Yeah. I think
15 definitely, like, someone with, you
16 know, more of the legal and regulatory
17 background may be better to answer that
18 question.

19 But generally, we were -- I think
20 that there was -- there's generally a
21 lag between when we -- when we would
22 suspend a user's account and when we
23 would stop paying them rewards. But I
24 don't -- I don't know the background
25 for why that decision was being made.

1 MS. BRIER: And, Aaron, just as a
2 time check, I think you have about five
3 minutes left on the record for the
4 three hours.

5 BY MR. COLODNY:

6 Q. After this date, Celsius
7 continued to do all of its investing
8 activities through the UK company, correct?

9 MS. YANEZ: Objection.

10 THE WITNESS: That is my
11 understanding, yes. Correct.

12 BY MR. COLODNY:

13 Q. Can Celsius -- you mentioned
14 before that you can see where people come
15 in from.

16 Can Celsius send coins back to
17 users without their consent?

18 MS. BRIER: Objection to form.
19 Outside the scope.

20 THE WITNESS: Can we send them
21 back to them?

22 I'm not aware of any instance
23 where we did. I mean, we had the
24 ability to do that, but -- because
25 we're in control of the coins.

1 But, yeah, I'm not aware of a
2 case where we did that.

3 BY MR. COLODNY:

4 Q. But there's nothing preventing
5 Celsius from sending the three Bitcoins I
6 deposited on it unilaterally back to my
7 address where I deposited them from?

8 A. Yeah. And there's a very good
9 reason why you wouldn't want to do that,
10 which is that, you know, oftentimes the
11 address from which we receive the coins
12 from may be the withdrawal -- like, the
13 outbound address, for example, of an
14 exchange.

15 And if you were to send the coins
16 back to that address, it's not the
17 user's -- that's not the actual user's
18 address. So you could potentially cause
19 the customer to lose their coins.

20 Q. Did Celsius make any attempt to
21 send users' assets back to them that did
22 not accept the terms of use?

23 A. Not to my knowledge.

24 Q. Did Celsius provide users with
25 advance notice of the terms of use

184

1 Version 6, or was the first email sent on
2 July 22?

3 A. Yeah. Like I was saying earlier,
4 I just checked -- and I think that was
5 yesterday -- in my personal email, and I
6 got the email on July 22.

7 Q. Okay. Do you know why users --

8 MR. COLODNY: Well, I think I'll
9 reserve my two minutes for any
10 rebuttal, if I have it.

11 MS. BRIER: Sounds good.

12 MR. COLODNY: Thank you very
13 much.

14 THE WITNESS: Sure thing.

15 MS. BRIER: Do you want to go off
16 the record?

17 MR. COLODNY: Yes.

18 MS. BRIER: Awesome.

19 We can go off the record.

20 THE VIDEOGRAPHER: All right.

21 The time is currently 1:19 p.m., and we
22 are going off the record for Media Unit
23 No. 2 of this testimony.

24 ///

25 ///